

FY 2000 IRS BUDGET REQUEST

The FY 2000 resource request of \$8.105 billion supports the mandates contained in the IRS Restructuring and Reform Act of 1998 (RRA98), which includes the Concept for Modernizing the IRS proposed by Commissioner Charles O. Rossotti. This Modernization Concept calls for serving taxpayers better through service to each taxpayer, service to all taxpayers, and productivity through a quality work environment. The concept will shift the focus of the IRS from its own internal operations to service from the taxpayer's perspective by establishing four operating divisions based on clearly identifiable customer segments.

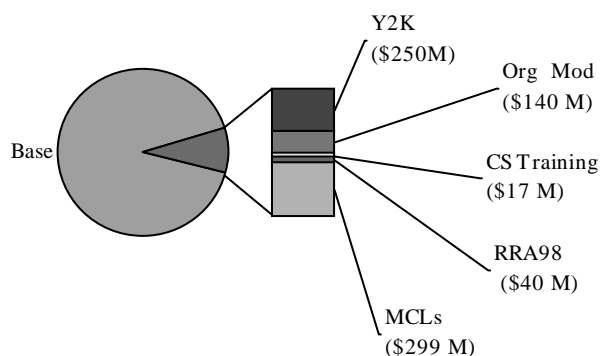
The President's Budget and the Congressional Justification serve as the initial documents to introduce the Congress to the detailed plan, timeline, and funding requests for implementing RRA98 and the Commissioner's Modernization Concept.

1 Total Budget Request. For FY 2000, the Internal Revenue Service is requesting resources for the Processing, Assistance and Management (PAM), Tax Law Enforcement (TLE), Information Systems (ISY), and Information Technology Investments (ITI) Appropriations that total **\$8.105 Billion and 95,767 FTE**. This request is only \$2 million more than the \$8.103 million in funding provided in FY 1999. In addition, the IRS is requesting \$144 million and 2,095 FTE in funding (an increase of only \$1 million over FY 1999) outside the spending caps for the Earned Income Tax Credit (EITC) Appropriation.

FY 2000 IRS Budget Request (\$ in Millions)			
<i>Appropriation:</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>Diff</i>
Processing, Assistance & Mgmt.	\$2,985	\$3,313	\$328
Tax Law Enforcement	\$3,164	\$3,337	\$173
Information Systems	\$1,259	\$1,455	\$196
Investment Technology Account	\$211	\$0	(\$211)
TOTAL IRS--inside Caps			
Dollars	\$7,619	\$8,105	\$486
FTE	95,748	95,767	19
Y2K Emergency Fund			
Dollars	\$483		
FTE	239		
TOTAL IRS-including Y2K			
Dollars	\$8,103	\$8,105	\$2
FTE	95,987	95,767	(220)
EITC--outsideCaps			
Dollars	\$143	\$144	\$1
FTE	1,972	2,095	123

2 Budget Increases. The \$8.105 billion budget is required to maintain current services, while investing in critical systems projects and funding organizational restructuring and reform to modernize America's tax agency.

FY 2000 Budget Program Increases



The FY 2000 submission requests the following increases:

Y2K Conversion -- \$250 million and 239 FTE to assure continued operation of IRS' information systems into the new century.

Maintain Current Service Levels -- \$299 million to maintain FY 1999 program levels in FY 2000. The IRS has partially offset this need by taking base program reductions of *\$50 million and 580 FTE*; therefore, *the net increase requested is \$249 million.*

RRA98 Implementation -- \$40 million and 500 FTE for implementing RRA98's customer service and electronic tax initiatives.

Enhancing Customer Service through Improved Training -- \$17 million for investing in customer service training to bring customer service skill levels up to acceptable standards and meet the RRA98 mandate.

Organizational Modernization Concept -- \$140 million for implementing the Modernization Concept to restructure, reorganize, and re-skill the IRS workforce, including training. These investments will complement the IRS's systems modernization efforts and implementation of the RRA98.

3 Information Technology Investments (ITI) and the PRIME. In FY 2000, the IRS is not requesting any additional funds for the ITI Appropriation. This is possible because the Congress advance funded the Information Technology Investments account to a level, \$506 million, that will sustain the IRS through FY 2000. In FY 2001, however, the IRS is requesting advance funding of \$325 million. On December 9, 1998, the IRS awarded the Prime Systems Integration Services Contract (PRIME) to Computer Sciences Corporation (CSC) and their Alliance partners. In early January 1999, the Commissioner and the Chief Information Officer (CIO) established the Core Business Systems Executive Steering Committee to provide IRS-wide strategy planning and budgeting for core systems replacement, oversee core business systems modernization, and review and approve major core systems projects at initiation and key points in the systems life cycle.

4 **Earned Income Tax Credit (EITC) Funding.** The IRS is requesting \$144 million and 2,095 FTE. This is the third year for this account, which is funded outside the discretionary spending caps and shown separately in the overall Treasury request. The account provides for expanded customer service and public outreach programs, strengthened enforcement activities, and enhanced research efforts to reduce overclaims and erroneous filings associated with EITC.

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